

Message Text

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TO SECSTATE WASHDC 4699

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E.O. 11652: GDS

TAGS: EAID, ETRD, IN, UR

SUBJ: INDO-SOVIET AID AND TRADE

REF: NEW DELHI 13998

1. THE FOLLOWING TABLE SUMMARIZES INDIA'S AID AND TRADE RELATIONSHIP WITH THE SOVIET UNION FROM INDIAN FISCAL YEAR (APRIL-MARCH) 1956 THROUGH 1974. DATA ARE DRAWN FROM VARIOUS SOURCES, SOME SENSITIVE IN AND OUTSIDE THE UNITED STATES GOVERNMENT. THE EMBASSY BELIEVES THESE DATA PROVIDE A VALID REFLECTION OF THE OVERALL FEATURES AND CURRENT TRENDS IN THE RELATIONSHIP. WE CAUTION, HOWEVER, AGAINST PLACING EXCESSIVE CONFIDENCE IN ANY SINGLE FIGURE, ESPECIALLY THOSE ON MILITARY AID AND SALES, MILITARY DEBT, AND SUMMATIONS INCORPORATING THOSE FIGURES, WHICH ARE ESTIMATES.

INDO-SOVIET TRADE AND AID

(DOLS MILLIONS)

INDIAN FISCAL YEAR 1956-70 71 72 73 74

(1) EXPORTS 1632 280 278 406 378

(2) NON-MILITARY

IMPORTS 1628 140 109 141 333

(A) COMMERCIAL 738 91 87 130 177

(B) AID-FINANCED 890 49 22 11 156

(3) MILITARY IMPORTS 791 169 109 100 127

(A) COMMERCIAL 108 45 21 25 32

(B) AID-FINANCED 683 124 88 75 95

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(4) DEBT SERVICE 739 162 140 161 240

(A) CIVILIAN	446	94	55	76	55
(B) MILITARY	293	68	85	85	185
(5) SNET	834	11	-30	-75	11
(6) NET FLOW OF REAL RESOURCES	787	29	-60	-165	82

2. READERS OF REFTEL ON INDO-SOVIET DEBT RESCHEDULING SHOULD NOTE THAT A SUBSTANTIAL PROPORTION OF INCREASED IMPORTS FROM THE USSR IN IFY74 CONSISTS OF LOAN GRAIN. THE VALUE OF THIS GRAIN IS NOT A CURRENT CHARGE AGAINST INDIAN RUPEE HOLDINGS IN THE BIL-ATERAL CLEARING ACCOUNT. THE EMBASSY HAS CALCULATED THE MARKET VALUE OF THIS GRAIN AT ABOUT \$200 MILLION (PARA. 2 REFTEL). GOI TRADE STATISTICS, HOWEVER, LIST SOVIET LOAN GRAIN DELIVERED IN IFY 74 AS 882,000 METRIC TONS VALUED AT \$145 MILLION AT RS. 7.50-\$1.00. AND ADDITIONAL \$11 MILLION IN PROJECT AID GOODS BRINGS AID-FINANCED IMPORTS TO \$156 MILLION. FOR THE YEAR LEAVING A RESIDUAL OF \$177 MILLION IN COMMERCIALY-FINANCED IMPORTS. UNDER THESE ASSUMPTIONS, INDIA FELL ABOUT \$75 MILLION SHORT OF EARNING ENOUGH RUPEES IN TRADE WITH THE SOVIET UNION TO COVER FOR CASH IMPORTS AND DEBT SERVICE IN IFY 74. WE MUST REPEAT OUR CAVEAT ABOUT THE TENTATIVENESS OF ALL THESE FIGURES WHICH HAVE ONLY AN INDICATIVE VALUE.

3. SOURCES & NOTES:

1. GOI DEPT. OF COMMERCIAL INTELLIGENCE AND STATISTICS,
MONTHLY STATISTICS OF THE FOREIGN TRADE OF INDIA UNCLAS,
RS. 7.50-\$1

2. IBID

2A. RESIDUAL OF 2 MINUS 2B(UNCLASSIFIED).

2B. FIGURE USED IS GROSS UTILIZATION OF SOVIET AID,
(GOI "EXTERNAL ASSISTANCE" UNCLASSIFIED).

3. USG INTELLIGENCE COMMUNITY, SECRET/NOFORN.

3A. ESTIMATE: 25 PERCENT OF MILITARY IMPORTS (SECRET/
NOFORN).

3B. ESTIMATE: 75 PERCENT OF MILITARY IMPORTS. (SECRET/
NOFORN).

4. SUM OF 4A AND 4B, EXCEPT FY 74 FIGURE WHICH WAS OBTAINED
INDEPENDENTLY (SECRET/NOFORN).

4A. GOI, MINISTRY OF FINANCE "EXTERNAL ASSISTANCENZ
UNCLASSIFIED.

SECRET

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4B. USG INTELLIGENCE COMMUNITY, SECRET/NOFORN.

5. 2B PLUS 3B MINUS 4.

6. 2 PLUS 3 MINUS 1.

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